

CONSOLIDATED STATEMENTS OF OPERATIONS

	For the three months ended		For the six months ended	
(unaudited, in millions of Canadian dollars, except for per share amounts)	June 30 2021	June 30 2020	June 30 2021	June 30 2020
Revenue				
Premiums				
Gross	\$ 6,345	\$ 6,160	\$ 12,076	\$ 11,899
Less: Ceded	628	639	1,233	1,232
Net premiums	5,717	5,521	10,843	10,667
Net investment income (loss):				
Interest and other investment income	1,401	1,403	2,796	2,827
Fair value and foreign currency changes on assets and liabilities (Note 5)	3,564	6,623	(3,382)	4,814
Net gains (losses) on available-for-sale assets	46	43	100	113
Net investment income (loss)	5,011	8,069	(486)	7,754
Fee income (Note 9)	1,941	1,596	3,826	3,235
Total revenue	12,669	15,186	14,183	21,656
Benefits and expenses				
Gross claims and benefits paid (Note 6)	4,488	4,778	9,268	9,196
Increase (decrease) in insurance contract liabilities (Note 6)	4,570	8,603	(2,278)	8,372
Decrease (increase) in reinsurance assets (Note 6)	(10)	(3)	46	(54)
Increase (decrease) in investment contract liabilities (Note 6)	14	34	(14)	41
Reinsurance expenses (recoveries) (Note 7)	(542)	(609)	(1,224)	(1,140)
Commissions	741	619	1,403	1,267
Net transfer to (from) segregated funds (Note 12)	(43)	(922)	(64)	(1,308)
Operating expenses	2,036	1,771	4,122	3,504
Premium taxes	109	112	202	220
Interest expense	84	90	164	180
Total benefits and expenses	11,447	14,473	11,625	20,278
Income (loss) before income taxes	1,222	713	2,558	1,378
Less: Income tax expense (benefit) (Note 10)	180	61	505	340
Total net income (loss)	1,042	652	2,053	1,038
Less: Net income (loss) attributable to participating policyholders	119	105	172	70
Net income (loss) attributable to non-controlling interests	—	4	(2)	10
Shareholders' net income (loss)	923	543	1,883	958
Less: Preferred shareholders' dividends	23	24	46	48
Common shareholders' net income (loss)	\$ 900	\$ 519	\$ 1,837	\$ 910
Average exchange rates during the reporting periods:	U.S. dollars	1.23	1.39	1.25
				1.36
Earnings (loss) per share (Note 14)				
Basic	\$ 1.54	\$ 0.89	\$ 3.14	\$ 1.55
Diluted	\$ 1.53	\$ 0.88	\$ 3.12	\$ 1.55
Dividends per common share	\$ 0.550	\$ 0.550	\$ 1.100	\$ 1.100

The attached notes form part of these Interim Consolidated Financial Statements.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)

(unaudited, in millions of Canadian dollars)	For the three months ended		For the six months ended	
	June 30 2021	June 30 2020	June 30 2021	June 30 2020
Total net income (loss)	\$ 1,042	\$ 652	\$ 2,053	\$ 1,038
Other comprehensive income (loss), net of taxes:				
Items that may be reclassified subsequently to income:				
Change in unrealized foreign currency translation gains (losses):				
Unrealized gains (losses)	(194)	(482)	(417)	562
Change in unrealized gains (losses) on available-for-sale assets:				
Unrealized gains (losses)	111	519	(211)	279
Reclassifications to net income (loss)	(38)	(27)	(88)	(83)
Change in unrealized gains (losses) on cash flow hedges:				
Unrealized gains (losses)	(7)	(14)	(1)	9
Reclassifications to net income (loss)	7	21	6	(23)
Share of other comprehensive income (loss) in joint ventures and associates:				
Unrealized gains (losses)	(11)	(27)	(55)	37
Total items that may be reclassified subsequently to income	(132)	(10)	(766)	781
Items that will not be reclassified subsequently to income:				
Remeasurement of defined benefit plans	—	(149)	(54)	(30)
Total items that will not be reclassified subsequently to income	—	(149)	(54)	(30)
Total other comprehensive income (loss)	(132)	(159)	(820)	751
Total comprehensive income (loss)	910	493	1,233	1,789
Less: Participating policyholders' comprehensive income (loss)	117	103	167	76
Non-controlling interests' comprehensive income (loss)	—	4	(2)	10
Shareholders' comprehensive income (loss)	\$ 793	\$ 386	\$ 1,068	\$ 1,703

INCOME TAXES INCLUDED IN OTHER COMPREHENSIVE INCOME (LOSS)

(unaudited, in millions of Canadian dollars)	For the three months ended		For the six months ended	
	June 30 2021	June 30 2020	June 30 2021	June 30 2020
Income tax benefit (expense):				
Items that may be reclassified subsequently to income:				
Unrealized foreign currency translation gains (losses)	\$ (1)	\$ 1	\$ (1)	\$ —
Unrealized gains (losses) on available-for-sale assets	(27)	(127)	65	(82)
Reclassifications to net income for available-for-sale assets	7	9	11	24
Unrealized gains (losses) on cash flow hedges	(1)	(4)	(6)	7
Reclassifications to net income for cash flow hedges	—	1	4	(2)
Total items that may be reclassified subsequently to income	(22)	(120)	73	(53)
Items that will not be reclassified subsequently to income:				
Remeasurement of defined benefit plans	(1)	48	6	9
Total items that will not be reclassified subsequently to income	(1)	48	6	9
Total income tax benefit (expense) included in other comprehensive income (loss)	\$ (23)	\$ (72)	\$ 79	\$ (44)

The attached notes form part of these Interim Consolidated Financial Statements.

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	As at	
(unaudited, in millions of Canadian dollars)	June 30 2021	December 31 2020
Assets		
Cash, cash equivalents and short-term securities (Note 5)	\$ 12,435	\$ 13,527
Debt securities (Note 5)	85,163	89,089
Equity securities (Note 5)	7,975	6,631
Mortgages and loans	49,987	49,946
Derivative assets	1,527	2,160
Other invested assets (Note 5)	6,657	5,778
Policy loans	3,237	3,265
Investment properties (Note 5)	8,164	7,516
Invested assets	175,145	177,912
Other assets	5,571	5,152
Reinsurance assets (Note 6)	3,738	3,843
Deferred tax assets	1,568	1,634
Intangible assets	3,226	2,477
Goodwill	6,441	6,072
Total general fund assets	195,689	197,090
Investments for account of segregated fund holders (Note 12)	133,249	125,921
Total assets	\$ 328,938	\$ 323,011
Liabilities and equity		
Liabilities		
Insurance contract liabilities (Note 6)	\$ 142,081	\$ 145,773
Investment contract liabilities (Note 6)	3,507	3,189
Derivative liabilities	1,628	1,744
Deferred tax liabilities	414	383
Other liabilities (Note 8)	15,817	14,858
Senior debentures	500	500
Subordinated debt	4,433	4,781
Total general fund liabilities	168,380	171,228
Insurance and investment contracts for account of segregated fund holders (Note 12)	133,249	125,921
Total liabilities	\$ 301,629	\$ 297,149
Equity		
Issued share capital and contributed surplus	\$ 11,601	\$ 10,591
Shareholders' retained earnings and accumulated other comprehensive income	14,111	13,878
Total shareholders' equity	25,712	24,469
Participating policyholders' equity	1,535	1,368
Non-controlling interests' equity	62	25
Total equity	\$ 27,309	\$ 25,862
Total liabilities and equity	\$ 328,938	\$ 323,011

Exchange rates at the end of the reporting periods:	U.S. dollars	1.24	1.27
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The attached notes form part of these Interim Consolidated Financial Statements.

Approved on behalf of the Board of Directors on August 4, 2021.



Dean A. Connor
Chief Executive Officer



Barbara G. Stymiest
Director

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

For the six months ended

(unaudited, in millions of Canadian dollars)	June 30 2021	June 30 2020
Shareholders:		
Preferred shares and other equity instruments		
Balance, beginning of period	\$ 2,257	\$ 2,257
Issued during the period (Note 11)	1,000	—
Issuance costs	(13)	—
Balance, end of period	3,244	2,257
Common shares (Note 11)		
Balance, beginning of period	8,262	8,289
Stock options exercised	23	14
Common shares purchased for cancellation	—	(50)
Balance, end of period	8,285	8,253
Contributed surplus		
Balance, beginning of period	72	73
Share-based payments	4	3
Stock options exercised	(4)	(4)
Balance, end of period	72	72
Retained earnings		
Balance, beginning of period	12,289	11,318
Net income (loss)	1,883	958
Dividends on common shares	(650)	(647)
Dividends on preferred shares	(46)	(48)
Common shares purchased for cancellation (Note 11)	—	(150)
Changes attributable to acquisition (Note 3)	(139)	—
Balance, end of period	13,337	11,431
Accumulated other comprehensive income (loss), net of taxes (Note 15)		
Balance, beginning of period	1,589	1,461
Total other comprehensive income (loss) for the period	(815)	745
Balance, end of period	774	2,206
Total shareholders' equity, end of period	\$ 25,712	\$ 24,219
Participating policyholders:		
Balance, beginning of period	\$ 1,368	\$ 1,091
Net income (loss) (Note 11)	172	70
Total other comprehensive income (loss) for the period (Note 15)	(5)	6
Total participating policyholders' equity, end of period	\$ 1,535	\$ 1,167
Non-controlling interests:		
Balance, beginning of period	\$ 25	\$ 19
Changes attributable to acquisition (Note 3)	15	—
Net income (loss)	(2)	10
Additional contribution	38	9
Distribution to non-controlling interests	(14)	(5)
Total non-controlling interests' equity, end of period	\$ 62	\$ 33
Total equity	\$ 27,309	\$ 25,419

The attached notes form part of these Interim Consolidated Financial Statements.

CONSOLIDATED STATEMENTS OF CASH FLOWS

(unaudited, in millions of Canadian dollars)	For the three months ended		For the six months ended	
	June 30 2021	June 30 2020	June 30 2021	June 30 2020
Cash flows provided by (used in) operating activities				
Income (loss) before income taxes	\$ 1,222	\$ 713	\$ 2,558	\$ 1,378
Adjustments:				
Interest expense related to financing activities	46	55	92	110
Increase (decrease) in insurance and investment contract liabilities	4,584	8,637	(2,292)	8,413
Decrease (increase) in reinsurance assets	(10)	(3)	46	(54)
Realized and unrealized (gains) losses and foreign currency changes on invested assets	(3,610)	(6,666)	3,282	(4,927)
Sales, maturities and repayments of invested assets	15,362	20,005	30,429	38,841
Purchases of invested assets	(17,934)	(21,013)	(33,298)	(41,124)
Income taxes received (paid)	(283)	(97)	(531)	(182)
Mortgage securitization (Note 5)	(70)	79	(70)	166
Other operating activities ⁽¹⁾	964	1,384	(958)	317
Net cash provided by (used in) operating activities	271	3,094	(742)	2,938
Cash flows provided by (used in) investing activities				
Net (purchase) sale of property and equipment	(32)	(37)	(38)	(74)
Investment in and transactions with joint ventures and associates	8	3	5	9
Dividends received from joint ventures and associates	5	—	21	20
Acquisitions, net cash and cash equivalents acquired (Note 3) ⁽²⁾	(8)	—	(308)	—
Other investing activities	(53)	(60)	(573)	(146)
Net cash provided by (used in) investing activities	(80)	(94)	(893)	(191)
Cash flows provided by (used in) financing activities				
Increase in (repayment of) borrowed funds	10	26	21	(30)
Issuance of subordinated debt, net of issuance costs	—	995	—	995
Repayment of senior financing ⁽¹⁾	—	(38)	—	(38)
Increase in (repayment of) borrowing from credit facility ⁽¹⁾	(80)	—	75	239
Redemption of senior debentures and subordinated debt	—	—	(350)	—
Issuance of preferred shares and other equity instruments, net (Note 11)	987	—	987	—
Issuance of common shares on exercise of stock options	9	3	19	10
Transactions with non-controlling interests	(9)	4	24	4
Common shares purchased for cancellation (Note 11)	—	—	—	(200)
Dividends paid on common and preferred shares	(339)	(341)	(678)	(682)
Payment of lease liabilities	(39)	(35)	(73)	(72)
Interest expense paid	(55)	(45)	(96)	(106)
Net cash provided by (used in) financing activities	484	569	(71)	120
Changes due to fluctuations in exchange rates	(56)	(163)	(119)	194
Increase (decrease) in cash and cash equivalents	619	3,406	(1,825)	3,061
Net cash and cash equivalents, beginning of period	8,204	6,340	10,648	6,685
Net cash and cash equivalents, end of period	8,823	9,746	8,823	9,746
Short-term securities, end of period	3,612	2,045	3,612	2,045
Net cash, cash equivalents and short-term securities, end of period (Note 5)	\$ 12,435	\$ 11,791	\$ 12,435	\$ 11,791

⁽¹⁾ Reflects a change in presentation for credit facility effective January 1, 2020. We have updated our prior period to reflect this change in presentation.

⁽²⁾ Consists of total cash consideration paid of \$12, less cash and cash equivalents acquired of \$4 for the three months ended June 30, 2021.

(Total consideration paid of \$336, less cash and cash equivalents acquired of \$28 for the six months ended June 30, 2021).

The attached notes form part of these Interim Consolidated Financial Statements.

Condensed Notes to the Interim Consolidated Financial Statements

(Unaudited, in millions of Canadian dollars, except for per share amounts and where otherwise stated. All amounts stated in U.S. dollars are in millions.)

1. Significant Accounting Policies

Description of Business

Sun Life Financial Inc. ("SLF Inc.") is a publicly traded company domiciled in Canada and is the holding company of Sun Life Assurance Company of Canada ("Sun Life Assurance"). SLF Inc. and its subsidiaries are collectively referred to as "us", "our", "ours", "we", or "the Company".

Our Interim Consolidated Financial Statements have been prepared in accordance with International Accounting Standard ("IAS") 34 *Interim Financial Reporting* as issued and adopted by the International Accounting Standards Board ("IASB"). We have used accounting policies which are consistent with our accounting policies in our 2020 Annual Consolidated Financial Statements, except as disclosed in Note 2 below. Our Interim Consolidated Financial Statements should be read in conjunction with our 2020 Annual Consolidated Financial Statements, as interim financial statements do not include all the information incorporated in annual consolidated financial statements prepared in accordance with International Financial Reporting Standards as issued by the IASB ("IFRS").

COVID-19 Pandemic Considerations

In early 2020, the world was impacted by COVID-19, which was declared a global pandemic by the World Health Organization. The overall impact of the COVID-19 pandemic is still uncertain and dependent on the progression of the virus and on actions taken by governments, businesses and individuals, which could vary by country and result in differing outcomes.

The application of our accounting policies requires estimates, assumptions and judgments as they relate to matters that are inherently uncertain. We have established procedures to ensure that our accounting policies are applied consistently and that the processes for changing methodologies for determining estimates are controlled and occur in an appropriate and systematic manner. For our insurance contract liabilities, no material COVID-19 specific provisions or adjustments to our long-term assumptions have been made, and we continue to monitor our experience and exposure to the COVID-19 pandemic. For additional information, please refer to Note 1 of our 2020 Annual Consolidated Financial Statements.

2. Changes in Accounting Policies

2.A New and Amended International Financial Reporting Standards Adopted in 2021

We adopted the following amendments on January 1, 2021:

In August 2020, the IASB issued the Interest Rate Benchmark Reform Phase 2, which includes amendments to IFRS 9 *Financial Instruments* ("IFRS 9"), IAS 39 *Financial Instruments: Recognition and Measurement* ("IAS 39"), IFRS 7 *Financial Instruments: Disclosures* ("IFRS 7"), IFRS 4 *Insurance Contracts* ("IFRS 4") and IFRS 16 *Leases* ("IFRS 16"). The amendments address issues that arise from the implementation of the reforms, including the replacement of one benchmark with an alternative one. The adoption of these amendments did not have a material impact on our Consolidated Financial Statements.

The United Kingdom ("UK") Financial Conduct Authority ("FCA") announced on March 5, 2021 that panel bank submissions for UK London Interbank Offered Rate ("LIBOR") will cease after December 31, 2021 and for key United States ("U.S.") LIBOR tenors, after June 30, 2023. A broader market-wide initiative is underway to transition from the various Interbank Offer Rate ("IBOR")-based rates in use to alternative reference rates ("ARRs"). This move away from IBOR-based rates is happening across various jurisdictions including the U.S., the UK, Japan, Switzerland, and the Eurozone.

We have created an IBOR Transition Program ("the Program") to manage the transition to ARR. The Program is cross-functional in nature and comprises key stakeholders across our organization and operates with executive oversight. The Program is on track in executing its transition plan, and is mindful of incorporating market developments as they arise. We also actively participate in industry associations and incorporate best practice guidance from these industry associations, as well as regulatory bodies into the transition plan, such as reviewing all existing and new U.S. LIBOR contracts for appropriate fallback language in contracts.

Areas of risk relating to the replacement of IBOR include the negotiations with borrowers, updating systems and processes which capture IBOR referenced contracts, amendments to those contracts, or existing fallback/transition clauses not operating as anticipated. Other transition risks that may arise because of the new ARR are predominantly limited to interest rate risk and the risk of losing value or return on existing instruments. In 2020, all our entities exposed to U.S. LIBOR adhered to the International Swaps and Derivatives Association IBOR Fallbacks Protocol facilitating the transition of legacy derivative contracts.

Our exposure to interest rate benchmarks subject to IBOR reforms is predominately related to U.S. LIBOR. As at June 30, 2021, financial assets of \$4,037, financial liabilities of \$68, and derivative notional of \$8,187 have not yet transitioned to an ARR and excludes financial instruments maturing by June 30, 2023.

We adopted the following amendment on April 1, 2021:

In March 2021, the IASB issued the *COVID-19-Related Rent Concessions beyond 30 June 2021* amendment to IFRS 16. The amendment extends the application period of the practical expedient in IFRS 16 to help lessees account for COVID-19-related rent concessions by one year. The original amendment was issued in May 2020 to make it easier for lessees to account for COVID-19-related rent concessions, such as rent holidays and temporary rent reductions, while continuing to provide useful information about their leases to investors. The adoption of this amendment did not have a material impact on our Consolidated Financial Statements.

2.B New and Amended International Financial Reporting Standards to be Adopted in 2022 or Later

We are currently assessing the impact that these amendments will have on our Consolidated Financial Statements:

In May 2021, the IASB issued amendments to IAS 12 *Income Taxes* ("IAS 12"). The amendments, *Deferred Tax related to Assets and Liabilities arising from a Single Transaction*, narrow the scope of the recognition exemption in IAS 12 so that it no longer applies to transactions that, on initial recognition, give rise to equal taxable and deductible temporary differences. The amendment to IAS 12 will be effective for annual reporting periods beginning on or after January 1, 2023, with early application permitted.

In February 2021, the IASB issued amendments to IAS 1 *Presentation of Financial Statements* ("IAS 1") and IFRS Practice Statement 2 *Making Materiality Judgments* ("IFRS Practice Statement 2"). The amendments to IAS 1 require companies to disclose their material accounting policy information rather than their significant accounting policies. The amendments to IFRS Practice Statement 2 provide guidance on how to apply the concept of materiality to accounting policy disclosures. The amendment to IAS 1 will be effective for annual reporting periods beginning on or after January 1, 2023, with early application permitted.

In February 2021, the IASB issued amendments to IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors* ("IAS 8"). The amendments clarify how companies should distinguish changes in accounting policies from changes in accounting estimates. The amendment to IAS 8 will be effective for annual reporting periods beginning on or after January 1, 2023, with early application permitted.

3. Acquisitions

Crescent Capital Group LP

On January 5, 2021, we purchased 51% of Crescent Capital Group LP ("Crescent"), a U.S. based global alternative credit investment manager, as well as the ability to acquire the remaining interest in the future. Crescent will form part of our Asset Management business segment. Consideration included \$308 in cash and \$6 of contingent consideration to the former owners of Crescent. The acquisition will extend SLC Management's solutions in alternative credit.

The fair values of the identifiable assets and liabilities acquired were:

	As at January 5, 2021
Intangible assets	\$ 317
Net liabilities	(120)
Total identifiable net assets at fair value	197
Non-controlling interest ⁽¹⁾	(317)
Goodwill arising on acquisition	434
Total consideration	\$ 314

⁽¹⁾ We have elected to measure non-controlling interest ("NCI") at fair value for this acquisition. The fair value was determined by calculating the proportionate share of the present value of future cash flows relating to NCI. Significant assumptions inherent in the valuation of NCI include the estimated after-tax cash flows expected to be received and an assessment of the appropriate discount rate.

The fair values of the identifiable assets and liabilities are subject to refinement and may be retroactively adjusted to reflect new information obtained about facts and circumstances that existed at the acquisition date during the measurement period.

Crescent minority shareholders also have the option to require us to purchase their shares ("put option") in 2026. We have a call option to acquire the remaining outstanding shares held by these minority shareholders commencing in 2026. The fair value of the put option liability was recognized in Other financial liabilities and any excess over the carrying amounts arising from transactions relating to non-controlling shareholders was recorded as a reduction to Retained earnings. Any changes to the carrying value of the financial liability after the acquisition date will be recognized in the Consolidated Statements of Operations. The agreement also includes a contingent payment based on the achievement of certain milestones.

At the date of acquisition, the impact to our assets, liabilities and equity is as follows:

As at January 5, 2021	Share purchase	Put option adjustments	Total
Cash consideration	\$ (308)	\$ —	\$ (308)
Intangible assets	317	—	317
Goodwill ⁽¹⁾	434	—	434
Total assets	\$ 443	\$ —	\$ 443
Net liabilities	\$ (120)	\$ —	\$ (120)
Other financial liabilities – Contingent consideration	(6)	—	(6)
Other financial liabilities – Put option	—	(441)	(441)
Total liabilities	\$ (126)	\$ (441)	\$ (567)
Non-controlling interest ⁽²⁾	\$ (317)	\$ 302	\$ (15)
Retained earnings	—	139	139
Total equity	\$ (317)	\$ 441	\$ 124

⁽¹⁾ Goodwill of \$434 reflects non-contractual customer relationships and is tax deductible.

⁽²⁾ The remaining \$15 represents specifically identifiable assets where the risks and rewards accrue to the minority shareholders of Crescent Capital Group, and the related NCI interests are not a party to the put option.

Acquisitions in Asia

On November 18, 2020, we entered into a 15-year exclusive bancassurance partnership with Asia Commercial Joint Stock Bank ("ACB") effective January 1, 2021. The partnership significantly expands our distribution capabilities in Asia. An initial payment of \$471 was made in January 2021, based on the contractual terms of the agreement. The initial payment was capitalized as an intangible asset and will be amortized over the life of the contract based on a units-of-production method.

On February 1, 2021, the second stage of our acquisition of the pension business of FWD Life Insurance Company (Bermuda) Limited ("FWD") was completed for net proceeds of \$17. Included in the acquisition were \$480 in Invested assets and \$480 of Investment contract liabilities.

4. Segmented Information

We have five reportable business segments: Canada, U.S., Asset Management, Asia and Corporate. These business segments operate in the financial services industry and reflect our management structure and internal financial reporting. Corporate includes the results of our UK business unit and our Corporate Support operations, which include run-off reinsurance operations, as well as investment income, expenses, capital and other items not allocated to our other business groups.

Revenues from our business segments are derived primarily from life and health insurance, investment management and annuities, and mutual funds. Revenues not attributed to the strategic business units are derived primarily from Corporate investments and earnings on capital. Transactions between segments are executed and priced at an arm's-length basis in a manner similar to transactions with third parties.

The expenses in each business segment may include costs or services directly incurred or provided on their behalf at the enterprise level. For other costs not directly attributable to one of our business segments, we use a management reporting framework that uses assumptions, judgments, and methodologies for allocating overhead costs and indirect expenses to our business segments.

Intersegment transactions consist primarily of internal financing agreements which are measured at fair values prevailing when the arrangements are negotiated. Intersegment investment income consists primarily of interest paid by U.S. to Corporate. Intersegment fee income is primarily asset management fees paid by our business segments to Asset Management. SLC Management collects fee income and incurs the operational expenses associated with the management of the general fund assets. Intersegment transactions are eliminated in the Consolidation adjustments column in the following tables.

Management considers its external Clients to be individuals and corporations. We are not reliant on any individual Client as none is individually significant to our operations.

Results by segment for the three months ended June 30, 2021 and June 30, 2020 are as follows:

	Canada	U.S.	Asset Management	Asia	Corporate	Consolidation adjustments	Total
2021							
Gross premiums:							
Annuities	\$ 508	\$ —	\$ —	\$ 3	\$ 5	\$ —	\$ 516
Life insurance	1,475	357	—	1,354	20	—	3,206
Health insurance	1,481	1,127	—	8	7	—	2,623
Total gross premiums	3,464	1,484	—	1,365	32	—	6,345
Less: Ceded premiums	390	187	—	48	3	—	628
Net investment income (loss)	2,826	929	10	1,085	198	(37)	5,011
Fee income	389	17	1,421	155	27	(68)	1,941
Total revenue	6,289	2,243	1,431	2,557	254	(105)	12,669
Less:							
Total benefits and expenses	5,753	2,045	1,099	2,364	291	(105)	11,447
Income tax expense (benefit)	51	41	111	12	(35)	—	180
Total net income (loss)	\$ 485	\$ 157	\$ 221	\$ 181	\$ (2)	\$ —	\$ 1,042
Less:							
Net income (loss) attributable to participating policyholders	81	—	—	38	—	—	119
Net income (loss) attributable to non-controlling interests	—	—	—	—	—	—	—
Shareholders' net income (loss)	\$ 404	\$ 157	\$ 221	\$ 143	\$ (2)	\$ —	\$ 923
2020							
Gross premiums:							
Annuities	\$ 533	\$ —	\$ —	\$ 35	\$ 3	\$ —	\$ 571
Life insurance	1,307	402	—	1,074	22	—	2,805
Health insurance	1,596	1,173	—	9	6	—	2,784
Total gross premiums	3,436	1,575	—	1,118	31	—	6,160
Less: Ceded premiums	402	180	—	53	4	—	639
Net investment income (loss)	4,823	1,165	32	1,534	525	(10)	8,069
Fee income	306	21	1,176	134	26	(67)	1,596
Total revenue	8,163	2,581	1,208	2,733	578	(77)	15,186
Less:							
Total benefits and expenses	8,121	2,433	905	2,569	522	(77)	14,473
Income tax expense (benefit)	(158)	30	76	16	97	—	61
Total net income (loss)	\$ 200	\$ 118	\$ 227	\$ 148	\$ (41)	\$ —	\$ 652
Less:							
Net income (loss) attributable to participating policyholders	83	—	—	22	—	—	105
Net income (loss) attributable to non-controlling interests	—	—	4	—	—	—	4
Shareholders' net income (loss)	\$ 117	\$ 118	\$ 223	\$ 126	\$ (41)	\$ —	\$ 543

Results by segment for the six months ended June 30, 2021 and June 30, 2020 are as follows:

	Canada	U.S.	Asset Management	Asia	Corporate	Consolidation adjustments	Total
2021							
Gross premiums:							
Annuities	\$ 1,070	\$ —	\$ —	\$ 16	\$ 9	\$ —	\$ 1,095
Life insurance	2,808	728	—	2,137	40	—	5,713
Health insurance	2,944	2,292	—	17	15	—	5,268
Total gross premiums	6,822	3,020	—	2,170	64	—	12,076
Less: Ceded premiums	767	366	—	93	7	—	1,233
Net investment income (loss)	(465)	(87)	2	263	(150)	(49)	(486)
Fee income	765	33	2,796	315	54	(137)	3,826
Total revenue	6,355	2,600	2,798	2,655	(39)	(186)	14,183
Less:							
Total benefits and expenses	5,151	2,136	2,158	2,245	121	(186)	11,625
Income tax expense (benefit)	271	96	191	21	(74)	—	505
Total net income (loss)	\$ 933	\$ 368	\$ 449	\$ 389	\$ (86)	\$ —	\$ 2,053
Less:							
Net income (loss) attributable to participating policyholders	124	—	—	48	—	—	172
Net income (loss) attributable to non-controlling interests	—	—	(2)	—	—	—	(2)
Shareholders' net income (loss)	\$ 809	\$ 368	\$ 451	\$ 341	\$ (86)	\$ —	\$ 1,883
2020							
Gross premiums:							
Annuities	\$ 960	\$ —	\$ —	\$ 65	\$ 6	\$ —	\$ 1,031
Life insurance	2,583	800	—	1,975	44	—	5,402
Health insurance	3,114	2,320	—	22	10	—	5,466
Total gross premiums	6,657	3,120	—	2,062	60	—	11,899
Less: Ceded premiums	776	346	—	102	8	—	1,232
Net investment income (loss)	4,080	1,823	18	1,380	474	(21)	7,754
Fee income	647	41	2,361	270	54	(138)	3,235
Total revenue	10,608	4,638	2,379	3,610	580	(159)	21,656
Less:							
Total benefits and expenses	10,421	4,278	1,751	3,384	603	(159)	20,278
Income tax expense (benefit)	19	78	156	23	64	—	340
Total net income (loss)	\$ 168	\$ 282	\$ 472	\$ 203	\$ (87)	\$ —	\$ 1,038
Less:							
Net income (loss) attributable to participating policyholders	93	—	—	(23)	—	—	70
Net income (loss) attributable to non-controlling interests	—	—	10	—	—	—	10
Shareholders' net income (loss)	\$ 75	\$ 282	\$ 462	\$ 226	\$ (87)	\$ —	\$ 958

5. Total Invested Assets and Related Net Investment Income

5.A Asset Classification

The carrying values of our Debt securities, Equity securities and Other invested assets presented in our Interim Consolidated Statements of Financial Position consist of the following:

As at	Fair value through profit or loss	Available-for-sale	Other ⁽¹⁾	Total
June 30, 2021				
Debt securities	\$ 73,344	\$ 11,819	\$ —	\$ 85,163
Equity securities	\$ 7,328	\$ 647	\$ —	\$ 7,975
Other invested assets	\$ 3,602	\$ 745	\$ 2,310	\$ 6,657
December 31, 2020				
Debt securities	\$ 77,834	\$ 11,255	\$ —	\$ 89,089
Equity securities	\$ 6,369	\$ 262	\$ —	\$ 6,631
Other invested assets	\$ 3,339	\$ 828	\$ 1,611	\$ 5,778

⁽¹⁾ Other consists primarily of investments accounted for using the equity method of accounting, as well as loans measured at amortized cost.

Crescent, a subsidiary within our Asset Management business segment, issues and manages Collateralized Loan Obligations (“CLO”). Each CLO is a special purpose vehicle that owns a portfolio of investments, consisting primarily of senior secured loans, and issues various tranches of senior and subordinated notes to third parties for the purpose of financing the purchase of those investments. Assets of the special purpose vehicle are included in Other invested assets and the associated liabilities are included in Other liabilities. See Note 8 for the associated liabilities for the CLO.

As at June 30, 2021, the carrying value of the assets supporting the CLOs are \$728, which consists of cash and accounts receivable of \$68 and loans of \$660 (\$nil as at December 31, 2020). Loans are measured at amortized cost. These underlying loans are mainly below investment grade. Our maximum contractual exposure to loss related to the CLOs is limited to our investment of \$67 (\$nil as at December 31, 2020) in the most subordinated tranche.

5.B Fair Value and Foreign Currency Changes on Assets and Liabilities

Fair value and foreign currency changes on assets and liabilities presented in our Interim Consolidated Statements of Operations consist of the following:

	For the three months ended		For the six months ended	
	June 30 2021	June 30 2020	June 30 2021	June 30 2020
Fair value change:				
Cash, cash equivalents and short-term securities	\$ (2)	\$ (3)	\$ (4)	\$ (1)
Debt securities	1,992	5,741	(4,090)	4,596
Equity securities	418	533	713	(251)
Derivative investments	908	766	(197)	434
Other invested assets	172	(106)	227	(169)
Total change in fair value through profit or loss assets and liabilities ⁽¹⁾	3,488	6,931	(3,351)	4,609
Fair value changes on investment properties	228	(63)	365	(61)
Foreign exchange gains (losses) ⁽²⁾	(152)	(245)	(396)	266
Fair value and foreign currency changes on assets and liabilities	\$ 3,564	\$ 6,623	\$ (3,382)	\$ 4,814

⁽¹⁾ There are no fair value changes on other financial liabilities during the three and six months ended June 30, 2021 and June 30, 2020.

⁽²⁾ Primarily arises from the translation of foreign currency denominated available-for-sale assets and mortgages and loans. Any offsetting amounts arising from foreign currency derivatives are included in the fair value change on derivative investments.

5.C Impairment of Available-for-Sale Assets

We recognized no net impairment losses on available-for-sale assets for the three and six months ended June 30, 2021 (\$2) and \$1 net impairment losses for the three and six months ended June 30, 2020).

5.D Cash, Cash Equivalents and Short-Term Securities

Cash, cash equivalents and short-term securities presented in our Interim Consolidated Statements of Financial Position and Net cash, cash equivalents and short-term securities presented in our Interim Consolidated Statements of Cash Flows consist of the following:

As at	June 30 2021	December 31 2020	June 30 2020
Cash	\$ 2,795	\$ 2,498	\$ 2,560
Cash equivalents	6,028	8,156	7,187
Short-term securities	3,612	2,873	2,045
Cash, cash equivalents and short-term securities	12,435	13,527	11,792
Less: Bank overdraft, recorded in Other liabilities	—	6	1
Net cash, cash equivalents and short-term securities	\$ 12,435	\$ 13,521	\$ 11,791

5.E Mortgage Securitization

We securitize certain insured fixed rate commercial mortgages as described in Note 5 of our 2020 Annual Consolidated Financial Statements.

The carrying value and fair value of the securitized mortgages as at June 30, 2021 are \$1,686 and \$1,730, respectively (\$1,781 and \$1,873, respectively, as at December 31, 2020). The carrying value and fair value of the associated liabilities as at June 30, 2021 are \$1,841 and \$1,899, respectively (\$1,912 and \$2,032, respectively, as at December 31, 2020). The carrying value of asset-backed securities in the principal reinvestment account ("PRA") as at June 30, 2021 and December 31, 2020 are \$144 and \$145, respectively. There are \$nil cash and cash equivalents in the PRA as at June 30, 2021 and December 31, 2020, respectively.

The fair value of the secured borrowings from mortgage securitization is based on the methodologies and assumptions for asset-backed securities as described in Note 5 of our 2020 Annual Consolidated Financial Statements. The fair value of these liabilities is categorized in Level 2 of the fair value hierarchy as at June 30, 2021 and December 31, 2020.

5.F Fair Value Measurement

The fair value methodologies and assumptions for assets and liabilities carried at fair value, as well as disclosures on unobservable inputs, sensitivities and valuation processes for Level 3 assets can be found in Note 5 of our 2020 Annual Consolidated Financial Statements.

5.F.i Fair Value Hierarchy

Our assets and liabilities that are carried at fair value on a recurring basis by hierarchy level are as follows:

As at	June 30, 2021				December 31, 2020			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Assets								
Cash, cash equivalents and short-term securities	\$ 11,156	\$ 1,279	\$ —	\$ 12,435	\$ 12,428	\$ 1,099	\$ —	\$ 13,527
Debt securities – fair value through profit or loss	1,800	71,368	176	73,344	1,537	76,072	225	77,834
Debt securities – available-for-sale	1,282	10,484	53	11,819	796	10,392	67	11,255
Equity securities – fair value through profit or loss	4,228	2,952	148	7,328	3,777	2,411	181	6,369
Equity securities – available-for-sale	470	129	48	647	144	71	47	262
Derivative assets	31	1,496	—	1,527	36	2,124	—	2,160
Other invested assets	907	385	3,055	4,347	1,094	428	2,645	4,167
Investment properties	—	—	8,164	8,164	—	—	7,516	7,516
Total invested assets	\$ 19,874	\$ 88,093	\$ 11,644	\$ 119,611	\$ 19,812	\$ 92,597	\$ 10,681	\$ 123,090
Investments for account of segregated fund holders	28,021	104,682	546	133,249	26,832	98,539	550	125,921
Total assets measured at fair value	\$ 47,895	\$ 192,775	\$ 12,190	\$ 252,860	\$ 46,644	\$ 191,136	\$ 11,231	\$ 249,011
Liabilities								
Investment contract liabilities	\$ —	\$ —	\$ 9	\$ 9	\$ —	\$ —	\$ 2	\$ 2
Derivative liabilities	4	1,624	—	1,628	13	1,731	—	1,744
Total liabilities measured at fair value	\$ 4	\$ 1,624	\$ 9	\$ 1,637	\$ 13	\$ 1,731	\$ 2	\$ 1,746

Debt securities – fair value through profit or loss consist of the following:

As at	June 30, 2021				December 31, 2020			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Canadian federal government	\$ —	\$ 4,263	\$ 14	\$ 4,277	\$ —	\$ 4,546	\$ 14	\$ 4,560
Canadian provincial and municipal government	—	15,353	—	15,353	—	16,909	—	16,909
U.S. government and agency	1,800	132	—	1,932	1,537	141	—	1,678
Other foreign government	—	4,802	7	4,809	—	5,274	7	5,281
Corporate	—	40,381	150	40,531	—	42,507	157	42,664
Asset-backed securities:								
Commercial mortgage-backed securities	—	2,107	5	2,112	—	2,199	6	2,205
Residential mortgage-backed securities	—	2,301	—	2,301	—	2,459	—	2,459
Collateralized debt obligations	—	349	—	349	—	389	—	389
Other	—	1,680	—	1,680	—	1,648	41	1,689
Total debt securities - fair value through profit or loss	\$ 1,800	\$ 71,368	\$ 176	\$ 73,344	\$ 1,537	\$ 76,072	\$ 225	\$ 77,834

Debt securities – available-for-sale consist of the following:

As at	June 30, 2021				December 31, 2020			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Canadian federal government	\$ —	\$ 1,979	\$ —	\$ 1,979	\$ —	\$ 1,929	\$ —	\$ 1,929
Canadian provincial and municipal government	—	1,176	—	1,176	—	1,333	—	1,333
U.S. government and agency	1,282	2	—	1,284	796	1	—	797
Other foreign government	—	749	1	750	—	822	1	823
Corporate	—	4,503	50	4,553	—	4,258	52	4,310
Asset-backed securities:								
Commercial mortgage-backed securities	—	736	2	738	—	750	2	752
Residential mortgage-backed securities	—	490	—	490	—	292	—	292
Collateralized debt obligations	—	488	—	488	—	531	—	531
Other	—	361	—	361	—	476	12	488
Total debt securities – available-for-sale	\$ 1,282	\$ 10,484	\$ 53	\$ 11,819	\$ 796	\$ 10,392	\$ 67	\$ 11,255

There were no significant transfers between Level 1 and Level 2 for the three and six months ended June 30, 2021 and June 30, 2020.

The following table provides a reconciliation of the beginning and ending balances for assets and liabilities that are categorized in Level 3:

For the three months ended	Debt securities – fair value through profit or loss	Debt securities – available-for-sale	Equity securities – fair value through profit or loss	Equity securities – available-for-sale	Other invested assets	Investment properties	Total invested assets measured at fair value	Investments for account of segregated fund holders	Total assets measured at fair value
June 30, 2021									
Beginning balance	\$ 235	\$ 64	\$ 143	\$ 34	\$ 2,840	\$ 7,635	\$ 10,951	\$ 539	\$ 11,490
Included in net income ⁽¹⁾⁽²⁾⁽³⁾	1	—	4	—	135	220	360	11	371
Included in OCI ⁽²⁾	—	—	—	—	15	—	15	—	15
Purchases	1	—	3	15	175	335	529	2	531
Sales / Payments	—	—	(1)	—	(99)	(10)	(110)	1	(109)
Settlements	(2)	—	—	—	—	—	(2)	—	(2)
Transfers (out) of Level 3 ⁽⁴⁾	(57)	(10)	—	—	—	—	(67)	—	(67)
Foreign currency translation ⁽⁵⁾	(2)	(1)	(1)	(1)	(11)	(16)	(32)	(7)	(39)
Ending balance	\$ 176	\$ 53	\$ 148	\$ 48	\$ 3,055	\$ 8,164	\$ 11,644	\$ 546	\$ 12,190
Gains (losses) included in earnings relating to instruments still held at the reporting date ⁽¹⁾	\$ 1	\$ —	\$ 4	\$ —	\$ 132	\$ 225	\$ 362	\$ 8	\$ 370
June 30, 2020⁽⁶⁾									
Beginning balance	\$ 205	\$ 53	\$ 203	\$ 38	\$ 2,753	\$ 7,359	\$ 10,611	\$ 535	\$ 11,146
Included in net income ⁽¹⁾⁽²⁾⁽³⁾	11	—	2	—	(221)	(73)	(281)	4	(277)
Included in OCI ⁽²⁾	—	3	—	(1)	(12)	—	(10)	—	(10)
Purchases	21	—	1	33	118	169	342	2	344
Sales / Payments	(1)	—	—	—	(43)	—	(44)	(2)	(46)
Settlements	(1)	—	(15)	—	—	—	(16)	—	(16)
Transfers (out) of Level 3 ⁽⁴⁾	(22)	(1)	—	—	—	—	(23)	—	(23)
Foreign currency translation ⁽⁵⁾	(2)	(1)	(3)	(1)	(30)	(51)	(88)	(15)	(103)
Ending balance	\$ 211	\$ 54	\$ 188	\$ 69	\$ 2,565	\$ 7,404	\$ 10,491	\$ 524	\$ 11,015
Gains (losses) included in earnings relating to instruments still held at the reporting date ⁽¹⁾	\$ 8	\$ —	\$ 2	\$ —	\$ (220)	\$ (73)	\$ (283)	\$ (11)	\$ (294)

For the six months ended	Debt securities – fair value through profit or loss	Debt securities – available-for-sale	Equity securities – fair value through profit or loss	Equity securities – available-for-sale	Other invested assets	Investment properties	Total invested assets measured at fair value	Investments for account of segregated fund holders	Total assets measured at fair value
June 30, 2021									
Beginning balance	\$ 225	\$ 67	\$ 181	\$ 47	\$ 2,645	\$ 7,516	\$ 10,681	\$ 550	\$ 11,231
Included in net income ⁽¹⁾⁽²⁾⁽³⁾	(4)	—	(7)	—	179	349	517	6	523
Included in OCI ⁽²⁾	—	—	—	—	8	—	8	—	8
Purchases	29	—	5	15	393	406	848	3	851
Sales / Payments	—	—	(24)	(13)	(149)	(72)	(258)	—	(258)
Settlements	(13)	(2)	(5)	—	—	—	(20)	—	(20)
Transfers (out) of Level 3 ⁽⁴⁾	(57)	(10)	—	—	—	—	(67)	—	(67)
Foreign currency translation ⁽⁵⁾	(4)	(2)	(2)	(1)	(21)	(35)	(65)	(13)	(78)
Ending balance	\$ 176	\$ 53	\$ 148	\$ 48	\$ 3,055	\$ 8,164	\$ 11,644	\$ 546	\$ 12,190
Gains (losses) included in earnings relating to instruments still held at the reporting date ⁽¹⁾	\$ (4)	\$ —	\$ (7)	\$ —	\$ 176	\$ 355	\$ 520	\$ 8	\$ 528
June 30, 2020⁽⁶⁾									
Beginning balance	\$ 248	\$ 50	\$ 188	\$ 35	\$ 2,445	\$ 7,306	\$ 10,272	\$ 549	\$ 10,821
Included in net income ⁽¹⁾⁽²⁾⁽³⁾	6	—	5	—	(125)	(102)	(216)	(32)	(248)
Included in OCI ⁽²⁾	—	3	—	—	(2)	—	1	—	1
Purchases	21	—	6	33	314	235	609	17	626
Sales / Payments	(10)	—	—	—	(98)	(96)	(204)	(11)	(215)
Settlements	(2)	—	(15)	—	—	—	(17)	—	(17)
Transfers (out) of Level 3 ⁽⁴⁾	(59)	(1)	—	—	—	—	(60)	—	(60)
Foreign currency translation ⁽⁵⁾	7	2	4	1	31	61	106	1	107
Ending balance	\$ 211	\$ 54	\$ 188	\$ 69	\$ 2,565	\$ 7,404	\$ 10,491	\$ 524	\$ 11,015
Gains (losses) included in earnings relating to instruments still held at the reporting date ⁽¹⁾	\$ 4	\$ —	\$ 5	\$ —	\$ (124)	\$ (97)	\$ (212)	\$ (34)	\$ (246)

⁽¹⁾ Included in Net investment income (loss) for Total invested assets measured at fair value in our Interim Consolidated Statements of Operations.

⁽²⁾ Total gains and losses in net income (loss) and other comprehensive income (“OCI”) are calculated assuming transfers into or out of Level 3 occur at the beginning of the period. For an asset or liability that transfers into Level 3 during the reporting period, the entire change in fair value for the period is included in the table above. For transfers out of Level 3 during the reporting period, the change in fair value for the period is excluded from the table above.

⁽³⁾ Investment properties included in net income are comprised of fair value changes on investment properties of \$228 and \$365 for the three and six months ended June 30, 2021, respectively (\$63 and \$(61) for the three and six months ended June 30, 2020, respectively), net of amortization of leasing commissions and tenant inducements of \$8 and \$16 for the three and six months ended June 30, 2021, respectively (\$10 and \$41 for the three and six months ended June 30, 2020, respectively). For the key unobservable inputs used in the valuation of investment properties, please refer to Note 5.A.iii Fair Value Hierarchy in our 2020 Annual Consolidated Financial Statements.

⁽⁴⁾ Transfers out of Level 3 occur when the pricing inputs become more transparent and satisfy the Level 1 or 2 criteria and are primarily the result of observable market data being available at the reporting date, thus removing the requirement to rely on inputs that lack observability.

⁽⁵⁾ Foreign currency translation relates to the foreign exchange impact of translating Level 3 assets and liabilities of foreign subsidiaries from their functional currencies to Canadian dollars.

⁽⁶⁾ Other financial liabilities are carried at amortized cost. Effective December 31, 2020, we have updated our disclosures to reflect this classification and have excluded these items from Note 5.A.iii Fair Value Hierarchy in our 2020 Annual Consolidated Financial Statements.

6. Insurance Contract Liabilities and Investment Contract Liabilities

6.A Insurance Contract Liabilities

6.A.i Changes in Insurance Contract Liabilities and Reinsurance Assets

Changes in Insurance contract liabilities and Reinsurance assets are as follows:

	For the three months ended					
	June 30, 2021			June 30, 2020		
	Insurance contract liabilities	Reinsurance assets	Net	Insurance contract liabilities	Reinsurance assets	Net
Balances before Other policy liabilities and assets, beginning of period	\$ 130,151	\$ 3,028	\$ 127,123	\$ 127,669	\$ 3,710	\$ 123,959
Change in balances on in-force policies	3,735	(11)	3,746	7,833	(19)	7,852
Balances arising from new policies	811	23	788	827	22	805
Method and assumption changes	24	(2)	26	(57)	—	(57)
Increase (decrease) in Insurance contract liabilities and Reinsurance assets	4,570	10	4,560	8,603	3	8,600
Foreign exchange rate movements	(661)	(40)	(621)	(1,993)	(120)	(1,873)
Balances before Other policy liabilities and assets	134,060	2,998	131,062	134,279	3,593	130,686
Other policy liabilities and assets	8,021	740	7,281	8,222	722	7,500
Total Insurance contract liabilities and Reinsurance assets, end of period	\$ 142,081	\$ 3,738	\$ 138,343	\$ 142,501	\$ 4,315	\$ 138,186

	For the six months ended					
	June 30, 2021			June 30, 2020		
	Insurance contract liabilities	Reinsurance assets	Net	Insurance contract liabilities	Reinsurance assets	Net
Balances before Other policy liabilities and assets, beginning of period	\$ 137,733	\$ 3,126	\$ 134,607	\$ 123,894	\$ 3,395	\$ 120,499
Change in balances on in-force policies	(3,704)	(84)	(3,620)	6,865	3	6,862
Balances arising from new policies	1,394	40	1,354	1,494	50	1,444
Method and assumption changes	32	(2)	34	13	1	12
Increase (decrease) in Insurance contract liabilities and Reinsurance assets	(2,278)	(46)	(2,232)	8,372	54	8,318
Foreign exchange rate movements	(1,395)	(82)	(1,313)	2,013	144	1,869
Balances before Other policy liabilities and assets	134,060	2,998	131,062	134,279	3,593	130,686
Other policy liabilities and assets	8,021	740	7,281	8,222	722	7,500
Total Insurance contract liabilities and Reinsurance assets, end of period	\$ 142,081	\$ 3,738	\$ 138,343	\$ 142,501	\$ 4,315	\$ 138,186

6.B Investment Contract Liabilities

6.B.i Changes in Investment Contract Liabilities

Changes in investment contract liabilities without discretionary participation features (“DPF”) are as follows:

	For the three months ended			
	June 30, 2021		June 30, 2020	
	Measured at fair value	Measured at amortized cost	Measured at fair value	Measured at amortized cost
Balances, beginning of period	\$ 9	\$ 2,664	\$ 2	\$ 2,585
Deposits	—	74	—	135
Interest	—	15	—	15
Withdrawals	—	(156)	—	(72)
Fees	—	(2)	—	(3)
Change in fair value	—	—	—	—
Other	—	3	—	4
Foreign exchange rate movements	—	—	—	(1)
Balances, end of period	\$ 9	\$ 2,598	\$ 2	\$ 2,663

	For the six months ended			
	June 30, 2021		June 30, 2020	
	Measured at fair value	Measured at amortized cost	Measured at fair value	Measured at amortized cost
Balances, beginning of period	\$ 2	\$ 2,690	\$ 2	\$ 2,612
Deposits	—	168	—	214
Interest	—	30	—	31
Withdrawals	—	(292)	—	(198)
Fees	—	(4)	—	(4)
Change in fair value	7	—	—	—
Other	—	6	—	8
Foreign exchange rate movements	—	—	—	—
Balances, end of period	\$ 9	\$ 2,598	\$ 2	\$ 2,663

Changes in investment contract liabilities with DPF are as follows:

	For the three months ended		For the six months ended	
	June 30, 2021	June 30, 2020	June 30, 2021	June 30, 2020
	Balances, beginning of period	\$ 911	\$ 533	\$ 497
Change in liabilities on in-force policies	(1)	19	(51)	10
Increase (decrease) in liabilities	(1)	19	(51)	10
Acquisitions	—	—	471	—
Foreign exchange rate movements	(10)	(19)	(17)	21
Balances, end of period	\$ 900	\$ 533	\$ 900	\$ 533

6.C Gross Claims and Benefits Paid

Gross claims and benefits paid consist of the following:

	For the three months ended		For the six months ended	
	June 30, 2021	June 30, 2020	June 30, 2021	June 30, 2020
	Maturities and surrenders	\$ 779	\$ 763	\$ 1,540
Annuity payments	495	497	985	982
Death and disability benefits	1,077	1,212	2,459	2,271
Health benefits	1,755	1,610	3,551	3,431
Policyholder dividends and interest on claims and deposits	382	696	733	1,039
Total gross claims and benefits paid	\$ 4,488	\$ 4,778	\$ 9,268	\$ 9,196

7. Reinsurance (Expenses) Recoveries

Reinsurance (expenses) recoveries consist of the following:

	For the three months ended		For the six months ended	
	June 30, 2021	June 30, 2020	June 30, 2021	June 30, 2020
Recovered claims and benefits	\$ 502	\$ 561	\$ 1,140	\$ 1,046
Commissions	14	17	28	34
Reserve adjustments	6	10	16	20
Operating expenses and other	20	21	40	40
Total reinsurance (expenses) recoveries	\$ 542	\$ 609	\$ 1,224	\$ 1,140

8. Other Liabilities

Included in Other liabilities are the liabilities associated with the special purpose vehicles that invest in Collateralized Loan Obligations ("CLO"), as described in Note 5. As at June 30, 2021, we have recognized \$658 (\$nil as at December 31, 2020) in Other Liabilities in our Consolidated Statement of Financial Position.

9. Fee Income

Fee income consists of the following:

	For the three months ended		For the six months ended	
	June 30, 2021	June 30, 2020	June 30, 2021	June 30, 2020
Fee income from insurance contracts	\$ 280	\$ 243	\$ 558	\$ 502
Fee income from service contracts:				
Distribution fees	234	204	460	416
Fund management and other asset-based fees	1,211	976	2,381	1,953
Administrative service and other fees	216	173	427	364
Total fee income	\$ 1,941	\$ 1,596	\$ 3,826	\$ 3,235

Distribution fees and Fund management and other asset-based fees are primarily earned in the Asset Management segment. Administrative service and other fees are primarily earned in the Canada segment. The fee income by business segment is presented in Note 4.

10. Income Taxes

Our effective income tax rate differs from the combined Canadian federal and provincial statutory income tax rate as follows:

	For the three months ended				For the six months ended			
	June 30, 2021		June 30, 2020		June 30, 2021		June 30, 2020	
		%		%		%		%
Total net income (loss)	\$ 1,042		\$ 652		\$ 2,053		\$ 1,038	
Add: Income tax expense (benefit)	180		61		505		340	
Total net income (loss) before income taxes	\$ 1,222		\$ 713		\$ 2,558		\$ 1,378	
Taxes at the combined Canadian federal and provincial statutory income tax rate	\$ 321	26.3	\$ 189	26.5	\$ 672	26.3	\$ 365	26.5
Increase (decrease) in rate resulting from:								
Higher (lower) effective rates on income subject to taxation in foreign jurisdictions	(50)	(4.1)	(39)	(5.5)	(122)	(4.8)	(79)	(5.7)
Tax-exempt investment (income) loss	(106)	(8.7)	(153)	(21.4)	(70)	(2.7)	(14)	(1.0)
Adjustments in respect of prior periods, including resolution of tax disputes	(1)	(0.1)	53	7.4	3	0.1	53	3.8
Tax (benefit) cost of unrecognized tax losses and tax credits	4	0.3	3	0.4	4	0.1	8	0.6
Tax rate and other legislative changes	10	0.8	—	—	10	0.4	(5)	(0.4)
Other	2	0.2	8	1.2	8	0.3	12	0.9
Total income tax expense (benefit) and effective income tax rate	\$ 180	14.7	\$ 61	8.6	\$ 505	19.7	\$ 340	24.7

Due to an enacted corporate tax rate change in the province of Alberta, our statutory tax rate decreased from 26.5% to 26.25% (rounded to 26.3% in the table above) on January 1, 2021.

Statutory income tax rates in other jurisdictions in which we conduct business range from 0% to 30%, which creates a tax rate differential and corresponding tax provision difference compared to the Canadian federal and provincial statutory rate when applied to foreign income not subject to tax in Canada. Generally, higher earnings in jurisdictions with higher statutory tax rates result in an increase of our tax expense, while earnings arising in tax jurisdictions with statutory rates lower than 26.25% reduce our tax expense. These differences are reported in Higher (lower) effective rates on income subject to taxation in foreign jurisdictions. The benefit reported for the three months and six months ended June 30, 2021 included higher income in jurisdictions with low statutory income tax rates compared to the three months and six months ended June 30, 2020.

Tax-exempt investment (income) loss includes tax rate differences related to various types of investment income or losses that are taxed at rates lower than our statutory income tax rate. Examples include, but are not limited to, dividend income, capital gains arising in Canada and changes in market values including those resulting from fluctuations in foreign exchange rates.

Adjustments in respect of prior periods, including the resolution of tax disputes, for the three months ended June 30, 2021 and June 30, 2020 related mainly to the finalization of prior years' Canadian tax filings. The six months ended June 30, 2021 and June 30, 2020 included other prior year adjustments in Canada.

Tax (benefit) cost of unrecognized tax losses and tax credits for the three months and six months ended June 30, 2021 and June 30, 2020 primarily reflected unrecognized losses in Asia. The three months ended June 30, 2021 also reflected capital losses in Canada.

Tax rate and other legislative changes for the three months and six months ended June 30, 2021 included a remeasurement of our deferred tax balances in the UK due to an enacted corporate tax rate increase from 19% to 25%, which takes effect April 1, 2023. Tax rate and other legislative changes for the six months ended June 30, 2020 included a remeasurement of our deferred tax balances in the UK due to the reversal of an enacted future corporate tax rate reduction.

Other for the three and six months ended June 30, 2021 and June 30, 2020 primarily reflected withholding taxes on distributions from our foreign subsidiaries and the benefit relating to investments in joint ventures in Asia.

11. Capital Management

11.A Capital

Our capital base is structured to exceed minimum regulatory and internal capital targets and to maintain strong credit and financial strength ratings while maintaining a capital efficient structure. We strive to achieve an optimal capital structure by balancing the use of debt and equity financing. Capital is managed both on a consolidated basis under the principles that consider all the risks associated with the business, as well as at the business group level under the principles appropriate to the jurisdiction in which each business operates. We manage the capital for all of our international subsidiaries on a local statutory basis in a manner commensurate with their individual risk profiles. Further details on our capital, and how it is managed, are included in Note 21 of our 2020 Annual Consolidated Financial Statements.

SLF Inc. is a non-operating insurance company and is subject to the Life Insurance Capital Adequacy Test ("LICAT") guideline. As at June 30, 2021, SLF Inc.'s LICAT ratio exceeded the regulatory minimum target as set out by the Office of the Superintendent of Financial Institutions ("OSFI"). Sun Life Assurance, SLF Inc.'s principal operating life insurance subsidiary in Canada, is also subject to the LICAT guideline. As at June 30, 2021, Sun Life Assurance's LICAT ratio exceeded OSFI's minimum regulatory target; as well as OSFI's supervisory target applicable to operating life insurance companies.

In the U.S., Sun Life Assurance operates through a branch which is subject to U.S. regulatory supervision and it exceeded the levels under which regulatory action would be required as at June 30, 2021. In addition, other subsidiaries of SLF Inc. that must comply with local capital or solvency requirements in the jurisdiction in which they operate maintained capital levels above minimum local requirements as at June 30, 2021.

Our capital base consists mainly of common shareholders' equity, preferred shareholders' equity, participating policyholders' equity, non-controlling interest's equity and certain other capital securities that qualify as regulatory capital.

11.B Significant Capital Transactions

11.B.i Common Shares

Changes in common shares issued and outstanding were as follows:

	June 30, 2021		For the six months ended June 30, 2020	
	Number of shares	Amount	Number of shares	Amount
Common shares (in millions of shares)				
Balance, beginning of period	585.1	\$ 8,262	587.8	\$ 8,289
Stock options exercised	0.5	23	0.3	14
Common shares purchased for cancellation	—	—	(3.5)	(50)
Balance, end of period	585.6	\$ 8,285	584.6	\$ 8,253

On August 14, 2019, SLF Inc. launched a normal course issuer bid to purchase and cancel up to 15 million common shares of SLF Inc. ("common shares") between August 14, 2019 and August 13, 2020 (the "2019 NCIB") and implemented an automatic repurchase plan with its designated broker in order to facilitate purchases of common shares under such bid.

On March 13, 2020, OSFI set the expectation for all federally regulated financial institutions that dividend increases and share buybacks should be halted for the time being.

On August 13, 2020, the 2019 NCIB expired and was not renewed. Under this program, SLF Inc. purchased and cancelled approximately 3.5 million common shares at an average price per share of \$56.86 for a total amount of \$200. The total amount paid to purchase the shares is allocated to Common shares based on the average cost per common share and amounts paid above the average cost are allocated to Retained earnings.

11.B.ii Preferred Shares and Other Equity Instruments

On June 30, 2021, SLF Inc. issued \$1,000 principal amount of 3.60% Limited Recourse Capital Notes Series 2021-1 Subordinated Debentures ("Series 2021-1 Notes"), maturing on June 30, 2081. The Series 2021-1 Notes bear interest at a fixed rate of 3.60% payable semi-annually, until June 30, 2026. On June 30, 2026 and every five years thereafter until June 30, 2076, the interest rate on the Series 2021-1 Notes will be reset at an interest rate equal to the five-year Government of Canada yield as defined in the prospectus, plus 2.604%. The net proceeds will be used for general corporate purposes, which may include investments in subsidiaries, repayment of indebtedness and other strategic investments.

In connection with the issuance of the Series 2021-1 Notes, SLF Inc. issued 1 million Class A Non-Cumulative Rate Reset Preferred Shares Series 14 (the "Series 14 Shares") to be held by Computershare Trust Company of Canada as trustee of a newly formed trust (the "Limited Recourse Trust"). The Series 14 Shares are eliminated on SLF Inc.'s Consolidated Statements of Financial Position while being held within the Limited Recourse Trust. In case of non-payment of interest on or principal of the Series 2021-1 Notes when due, the recourse of each noteholder will be limited to that holder's proportionate share of the Limited Recourse Trust's assets, which will consist of Series 14 Shares except in limited circumstances. Holders of Series 14 Shares are entitled to receive non-cumulative preferential cash dividends on a semi-annual basis, as and when declared by the Board of Directors.

12. Segregated Funds

12.A Investments for Account of Segregated Fund Holders

The carrying value of investments held for segregated fund holders are as follows:

As at	June 30 2021	December 31 2020
Segregated and mutual fund units	\$ 119,243	\$ 111,789
Equity securities	9,844	9,733
Debt securities	3,483	3,874
Cash, cash equivalents and short-term securities	794	693
Investment properties	393	387
Mortgages	18	19
Other assets	81	140
Total assets	\$ 133,856	\$ 126,635
Less: Liabilities arising from investing activities	607	714
Total investments for account of segregated fund holders	\$ 133,249	\$ 125,921

12.B Changes in Insurance Contracts and Investment Contracts for Account of Segregated Fund Holders

Changes in insurance contracts and investment contracts for account of segregated fund holders are as follows:⁽¹⁾

	For the three months ended		For the six months ended	
	June 30, 2021	June 30, 2020	June 30, 2021	June 30, 2020
Balances, beginning of period	\$ 127,341	\$ 102,824	\$ 125,921	\$ 116,973
Additions to segregated funds:				
Deposits	3,313	2,492	6,861	5,769
Net transfer (to) from general funds	(43)	(922)	(64)	(1,308)
Net realized and unrealized gains (losses)	6,001	11,211	8,090	(3,237)
Other investment income	270	262	576	629
Total additions	\$ 9,541	\$ 13,043	\$ 15,463	\$ 1,853
Deductions from segregated funds:				
Payments to policyholders and their beneficiaries	2,996	2,087	6,851	5,283
Management fees	313	267	615	547
Taxes and other expenses	109	117	216	177
Foreign exchange rate movements	215	452	453	(125)
Total deductions	\$ 3,633	\$ 2,923	\$ 8,135	\$ 5,882
Net additions (deductions)	5,908	10,120	7,328	(4,029)
Balances, end of period	\$ 133,249	\$ 112,944	\$ 133,249	\$ 112,944

⁽¹⁾ Effective December 31, 2020, we combined our Insurance contracts for account of segregated fund holders and Investment contracts for account of segregated fund holders. We have updated the prior period to reflect this change in presentation.

13. Commitments, Guarantees and Contingencies

Guarantees of Sun Life Assurance Preferred Shares and Subordinated Debentures

SLF Inc. has provided a guarantee on the \$150 of 6.30% subordinated debentures due 2028 issued by Sun Life Assurance. Claims under this guarantee will rank equally with all other subordinated indebtedness of SLF Inc. SLF Inc. has also provided a subordinated guarantee of the preferred shares issued by Sun Life Assurance from time to time, other than such preferred shares which are held by SLF Inc. and its affiliates. Sun Life Assurance has no outstanding preferred shares subject to the guarantee. As a result of these guarantees, Sun Life Assurance is entitled to rely on exemptive relief from most continuous disclosure and the certification requirements of Canadian securities laws.

The following tables set forth certain consolidating summary financial information for SLF Inc. and Sun Life Assurance (consolidated):

For the three months ended	SLF Inc. (unconsolidated)	Sun Life Assurance (consolidated)	Other subsidiaries of SLF Inc. (combined)	Consolidation adjustments	SLF Inc. (consolidated)
June 30, 2021					
Revenue	\$ 89	\$ 10,645	\$ 2,718	\$ (783)	\$ 12,669
Shareholders' net income (loss)	\$ 923	\$ 627	\$ 250	\$ (877)	\$ 923
June 30, 2020					
Revenue	\$ 71	\$ 13,293	\$ 2,794	\$ (972)	\$ 15,186
Shareholders' net income (loss)	\$ 543	\$ 243	\$ 268	\$ (511)	\$ 543

For the six months ended	SLF Inc. (unconsolidated)	Sun Life Assurance (consolidated)	Other subsidiaries of SLF Inc. (combined)	Consolidation adjustments	SLF Inc. (consolidated)
June 30, 2021					
Revenue	\$ 154	\$ 10,178	\$ 4,066	\$ (215)	\$ 14,183
Shareholders' net income (loss)	\$ 1,883	\$ 1,234	\$ 582	\$ (1,816)	\$ 1,883
June 30, 2020					
Revenue	\$ 113	\$ 17,945	\$ 4,846	\$ (1,248)	\$ 21,656
Shareholders' net income (loss)	\$ 958	\$ 350	\$ 567	\$ (917)	\$ 958

As at	SLF Inc. (unconsolidated)	Sun Life Assurance (consolidated)	Other subsidiaries of SLF Inc. (combined)	Consolidation adjustments	SLF Inc. (consolidated)
June 30, 2021					
Invested assets	\$ 28,006	\$ 168,927	\$ 11,043	\$ (32,831)	\$ 175,145
Total other general fund assets	\$ 7,823	\$ 24,215	\$ 21,152	\$ (32,646)	\$ 20,544
Investments for account of segregated fund holders	\$ —	\$ 133,182	\$ 67	\$ —	\$ 133,249
Insurance contract liabilities	\$ —	\$ 142,277	\$ 9,921	\$ (10,117)	\$ 142,081
Investment contract liabilities	\$ —	\$ 3,507	\$ —	\$ —	\$ 3,507
Total other general fund liabilities	\$ 9,007	\$ 25,013	\$ 14,799	\$ (26,027)	\$ 22,792
December 31, 2020					
Invested assets	\$ 26,019	\$ 172,439	\$ 9,974	\$ (30,520)	\$ 177,912
Total other general fund assets	\$ 7,800	\$ 24,327	\$ 20,691	\$ (33,640)	\$ 19,178
Investments for account of segregated fund holders	\$ —	\$ 125,859	\$ 62	\$ —	\$ 125,921
Insurance contract liabilities	\$ —	\$ 145,949	\$ 10,637	\$ (10,813)	\$ 145,773
Investment contract liabilities	\$ —	\$ 3,189	\$ —	\$ —	\$ 3,189
Total other general fund liabilities	\$ 9,350	\$ 25,920	\$ 13,741	\$ (26,745)	\$ 22,266

14. Earnings (Loss) Per Share

Details of the calculation of the net income (loss) and the weighted average number of shares used in the earnings per share computations are as follows:

	For the three months ended		For the six months ended	
	June 30, 2021	June 30, 2020	June 30, 2021	June 30, 2020
Common shareholders' net income (loss) for basic earnings per share	\$ 900	\$ 519	\$ 1,837	\$ 910
Add: Increase in income due to convertible instruments ⁽¹⁾	3	3	5	5
Common shareholders' net income (loss) on a diluted basis	\$ 903	\$ 522	\$ 1,842	\$ 915
Weighted average number of common shares outstanding for basic earnings per share (in millions)	586	585	585	586
Add: Dilutive impact of stock options ⁽²⁾ (in millions)	1	—	1	1
Dilutive impact of convertible instruments ⁽²⁾ (in millions)	3	4	4	4
Weighted average number of common shares outstanding on a diluted basis (in millions)	590	589	590	591
Basic earnings (loss) per share	\$ 1.54	\$ 0.89	\$ 3.14	\$ 1.55
Diluted earnings (loss) per share	\$ 1.53	\$ 0.88	\$ 3.12	\$ 1.55

⁽¹⁾ The convertible instruments are the Sun Life Exchangeable Capital Securities ("SLEECs") – Series B issued by Sun Life Capital Trust.

⁽²⁾ Excludes the impact of 1 million stock options for both the three and six months ended June 30, 2021, respectively, because these stock options were anti-dilutive for the periods (2 million for both the three and six months ended June 30, 2020).

15. Accumulated Other Comprehensive Income (Loss)

Changes in accumulated other comprehensive income (loss), net of taxes, are as follows:

	For the three months ended					
	June 30, 2021			June 30, 2020		
	Balance, beginning of period	Other comprehensive income (loss)	Balance, end of period	Balance, beginning of period	Other comprehensive income (loss)	Balance, end of period
Items that may be reclassified subsequently to income:						
Unrealized foreign currency translation gains (losses), net of hedging activities	\$ 932	\$ (194)	\$ 738	\$ 2,403	\$ (482)	\$ 1,921
Unrealized gains (losses) on available-for-sale assets	260	73	333	17	492	509
Unrealized gains (losses) on cash flow hedges	(8)	—	(8)	(28)	7	(21)
Share of other comprehensive income (loss) in joint ventures and associates	(86)	(11)	(97)	31	(27)	4
Items that will not be reclassified subsequently to income:						
Remeasurement of defined benefit plans	(337)	—	(337)	(186)	(149)	(335)
Revaluation surplus on transfers to investment properties	145	—	145	145	—	145
Total	\$ 906	\$ (132)	\$ 774	\$ 2,382	\$ (159)	\$ 2,223
Total attributable to:						
Participating policyholders	\$ 2	\$ (2)	\$ —	\$ 19	\$ (2)	\$ 17
Shareholders	904	(130)	774	2,363	(157)	2,206
Total	\$ 906	\$ (132)	\$ 774	\$ 2,382	\$ (159)	\$ 2,223

For the six months ended

	June 30, 2021			June 30, 2020		
	Balance, beginning of period	Other comprehensive income (loss)	Balance, end of period	Balance, beginning of period	Other comprehensive income (loss)	Balance, end of period
Items that may be reclassified subsequently to income:						
Unrealized foreign currency translation gains (losses), net of hedging activities	\$ 1,155	\$ (417)	\$ 738	\$ 1,359	\$ 562	\$ 1,921
Unrealized gains (losses) on available-for-sale assets	632	(299)	333	313	196	509
Unrealized gains (losses) on cash flow hedges	(13)	5	(8)	(7)	(14)	(21)
Share of other comprehensive income (loss) in joint ventures and associates	(42)	(55)	(97)	(33)	37	4
Items that will not be reclassified subsequently to income:						
Remeasurement of defined benefit plans	(283)	(54)	(337)	(305)	(30)	(335)
Revaluation surplus on transfers to investment properties	145	—	145	145	—	145
Total	\$ 1,594	\$ (820)	\$ 774	\$ 1,472	\$ 751	\$ 2,223
Total attributable to:						
Participating policyholders	\$ 5	\$ (5)	\$ —	\$ 11	\$ 6	\$ 17
Shareholders	1,589	(815)	774	1,461	745	2,206
Total	\$ 1,594	\$ (820)	\$ 774	\$ 1,472	\$ 751	\$ 2,223

16. Legal and Regulatory Proceedings

We are regularly involved in legal actions, both as a defendant and as a plaintiff. Legal actions naming us as a defendant ordinarily involve our activities as a provider of insurance protection and wealth management products, as an investor and investment advisor, and as an employer. In addition, government and regulatory bodies in Canada, the U.S., the UK, and Asia, including federal, provincial, and state securities and insurance regulators and government authorities, from time to time, make inquiries and require the production of information or conduct examinations or investigations concerning our compliance with insurance, securities, and other laws.

Provisions for legal proceedings related to insurance contracts, such as for disability and life insurance claims and the cost of litigation, are included in Insurance contract liabilities in our Consolidated Statements of Financial Position. Other provisions are established outside of the Insurance contract liabilities if, in the opinion of management, it is both probable that a payment will be required and a reliable estimate can be made of the amount of the obligation. Management reviews the status of all proceedings on an ongoing basis and exercises judgment in resolving them in such manner as management believes to be in our best interest.

Two class action lawsuits have been filed against Sun Life Assurance in connection with sales practices relating to, and the administration of, individual policies issued by the Metropolitan Life Insurance Company ("MLIC"). These policies were assumed by Clarica when Clarica acquired the bulk of MLIC's Canadian operations in 1998 and subsequently assumed by Sun Life Assurance as a result of its amalgamation with Clarica. One of the lawsuits (*Fehr et al v Sun Life Assurance Company of Canada*) is issued in Ontario and the other (*Alamwala v Sun Life Assurance Company of Canada*) is in British Columbia. The *Fehr* action has been certified as a class action and notice has been made to class members. Sun Life Assurance has brought a motion scheduled for mid-February 2022 for summary judgment seeking to dismiss all of the claims. The other action (*Alamwala v Sun Life Assurance Company of Canada*) has remained largely dormant since it was commenced in 2011 and has not been certified. We will continue to vigorously defend against the claims in these actions. In connection with the acquisition of the Canadian operations of MLIC, MLIC agreed to indemnify Clarica for certain losses, including those incurred relating to the sales of its policies. Should either of the *Fehr* or the *Alamwala* lawsuits result in a loss, Sun Life Assurance will seek recourse against MLIC under that indemnity through arbitration.

Management does not believe that the probable conclusion of any current legal or regulatory matter, either individually or in the aggregate, will have a material adverse effect on the Consolidated Statements of Financial Position or the Consolidated Statements of Operations.

17. Subsequent Event

On July 1, 2021, we purchased Pinnacle Care International, Inc. ("PinnacleCare"), a leading U.S. health care navigation and medical intelligence provider for \$105 in cash. The fair value of net assets acquired mainly relate to intangible assets and goodwill. Due to the recent close of this transaction, the fair value determination and purchase accounting have not been completed. PinnacleCare will become part of our U.S. Group Benefits business, which provides a variety of employee benefits products including medical stop-loss insurance within our U.S. segment.

Corporate and Shareholder Information

For information about Sun Life, corporate news and financial results, please visit sunlife.com.

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Investor Relations

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Fax: 416-979-4080
Email: investor.relations@sunlife.com
Please note that financial information can also be obtained from www.sunlife.com.

Transfer agent

For information about your shareholdings, dividends, change in share registration or address, estate transfers, lost certificates, or to advise of duplicate mailings, please contact the Transfer Agent in the country where you reside. If you do not live in any of the countries listed, please contact the Canadian Transfer Agent.

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Shareholder services

For shareholder account inquiries, please contact the Transfer Agent in the country where you reside, or Shareholder Services:
Fax: 416-598-3121
English Email: shareholderservices@sunlife.com
French Email: servicesauxactionnaires@sunlife.com

2021 dividend dates

Common Shares

Record dates	Payment dates
March 1, 2021	March 31, 2021
May 26, 2021	June 30, 2021
August 25, 2021	September 29, 2021
November 24, 2021*	December 31, 2021*

* Subject to approval by the Board of Directors

Direct deposit of dividends

Common shareholders residing in Canada or the U.S. may have their dividend payments deposited directly into their bank account.

The Request for Electronic Payment of Dividends Form is available for downloading from the AST Trust Company (Canada) website, www.astfinancial.com/ca-en, or you can contact AST Trust Company (Canada) to have a form sent to you.

Canadian dividend reinvestment and share purchase plan

Canadian-resident common shareholders can enroll in the Dividend Reinvestment and Share Purchase Plan. For details visit our website at sunlife.com or contact the Plan Agent, AST Trust Company (Canada) at sunlifeinquiries@astfinancial.com

Stock exchange listings

Sun Life Financial Inc. common shares are listed on the Toronto (TSX), New York (NYSE) and Philippine (PSE) stock exchanges. Ticker Symbol: SLF

Sun Life Financial Inc. Class A Preferred Shares are listed on the Toronto Stock Exchange (TSX).

Ticker Symbols: Series 1 - SLF.PR.A
Series 2 - SLF.PR.B
Series 3 - SLF.PR.C
Series 4 - SLF.PR.D
Series 5 - SLF.PR.E
Series 8R - SLF.PR.G
Series 9QR - SLF.PR.J
Series 10R - SLF.PR.H
Series 11QR - SLF.PR.K
Series 12R - SLF.PR.I